



Regional Airport Planning Committee

January 8, 2009

TO: Regional Airport Planning Committee
FROM: Staff of the Regional Airport Planning Committee
SUBJECT: Phase 2 Demand Forecast Working Groups

Background. As part of our work scope for the Phase 2 Regional Airport Planning Analysis (RASP), staff has assembled a group of technical experts to advise RAPC staff and the consultants in three areas: Demand Forecasts, Demand Management and New Air Traffic Control Technologies. Some of the experts on these technical Working Groups also participated in our Phase 1 panels and made presentations to RAPC.

The overall purpose of having these technical Working Groups is to get timely input on the assumptions and methodologies that the consultant will use in conducting their analyses, as well as to review and provide feedback on the preliminary results and conclusions of their work before it is presented to RAPC and the public. Two meetings are scheduled for each technical Working Group.

The Forecast Working Group met on October 3, and the discussion focused on the approach to developing a new set of baseline aviation forecasts. These forecasts will be the basis for the subsequent analysis of future airport capacity issues as well as alternative solutions to possible capacity problems. In addition to RAPC and airport staff, the following key people participated:

SH&E-lead consultant: David Hollander (Project Manager), Christina Cassotis

Working Group Members:

- Michael Roach (Roach and Sbarra, Phase 1 Panel; prepared 2000 RASP forecasts)
- Jerry Bernstein (Stanford Research Group, Phase 1 Panel)
- Walt Gillfillan (Gillfillan and Associates)
- John Pfiefer (Aircraft Owners and Pilots Association)
- Linda Perry (Jacobs Consultancy)
- Alex Fedor (AvAirPros)
- Elisha Novak (FAA)

Meeting Topics

- Airport Passenger Forecasts
- Potential for Increased utilization of Alternative Regional Airports
- Passenger Airline Operations
- Air Cargo Volumes and Operations
- General Aviation Operations

Meeting Summary. The following is a summary of some of the main discussion points from the meeting and does not necessarily represent the conclusions or final approach that will be used by the consultant in developing the new forecasts.

Air Passenger Forecasts. The greatest part of the meeting was devoted to discussing the air passenger forecasts. A long-term, 20- 25 year forecast is necessary for the regional planning process because of the length of time that is needed for coordinated planning and airport administrative or development projects. Three forecast scenarios (High, Medium, and Low) will be developed to deal with the uncertainty inherent in long range forecasting. In addition, a forecast tracking system will be developed so that there will be a mechanism for identifying the need for and timing of forecast adjustments over time. Dates and assumptions will need to be attached to the forecast demand levels in order to have a meaningful discussion of regional options for accommodating future aviation demand.

Existing airport forecasts prepared by the FAA and the airports will be reviewed when preparing the forecasts. The SFO forecasts that were recently prepared by Jacobs Consultancy are unconstrained forecasts.

The consultant team will try to capture the effect of the new airline fees on the price of air travel. Since these fees are not being captured in airline ticket prices, the consultant will have to identify other sources such as US DOT Form 41 data or airline revenue reports and account for these fees in the future price of airline travel.

Fuel price assumptions have not been decided at this time. The Moderate forecast may assume oil prices stabilize at \$100 per barrel instead of the \$120 presented in the presentation. While the driving factors of future demand are the cost of airline travel and economic growth, other factors can be built into the forecasts. For example, rising fuel prices and carbon emissions fees can be built into the price of air travel. Air travel substitutes such as high speed rail or video-conferencing can be factored into the analysis outside the model framework. Potential one-time external factors, such as a major earthquake or terrorist attack, cannot be predicted or explicitly modeled. However, these events would have a temporary impact on demand and not a long-term sustained impact.

The forecast approach is to first project regional demand and then to distribute it to the individual airports (SFO, OAK and SJC) instead of developing individual forecasts by airport. First, the consultant team will segment demand by domestic and international travel. The difficulty in predicting future Bay Area airport traffic shares is that we are currently in a period of major change and Bay Area traffic is shifting from OAK to SFO as carriers reduce capacity, particularly at OAK, and Low Cost Carriers (LCCs) are expanding service at SFO.

The forecast scenarios (High, Medium, Low) can be used as a way to introduce different assumptions about carrier decisions and the future airport distribution. For example, under a high growth scenario, when pressure on capacity is greatest, we may assume a more even long-term distribution or one that is different from the moderate or low growth scenarios.

Alternative Airports Forecast. The approach will be to evaluate air passenger demand in the catchment areas for other Bay Area airports that might potentially be used for future airline service. There would need to be a large enough market for service to be economically viable. The conclusions reached will be reviewed with 2-3 airlines that might serve these markets to seek their opinions about the potential viability of new non stop service.

Passenger Airline Operations. Forecasts of future airline fleet mix will be largely based on known airline plans for retirement/acquisition of new aircraft. Load factors are already quite high, so the potential for even higher load factors will need careful review.

Air Cargo Forecasts. Due to the limited numbers and arrival/departure times of air cargo cargo flights, air cargo operations are not likely to have a significant impact on future airport capacity issues. The approach to these forecasts will be to review existing forecasts for the individual airports, and adjust as necessary. The potential for redistribution of current air cargo operations to alternative airports is not considered to be very probable given the economics of air cargo airlines and the need for proximity to their major markets which are in the urban core.

General Aviation Operations. The main focus of these forecasts will be the number of general aviation operations projected to use the air carrier runways, since this will affect the future capacity of the air carrier runways. It is not expected that the introduction of a new fleet of Very Light Jets will have a major impact on operations at the main commercial airports, as these types of operations are more likely to use the region's reliever general aviation airports for air taxi and other types of operations.

Next Forecast Working Group Meeting. The next meeting of the Forecast Working Group will be on January 9. The main topic for discussion at this meeting will be the preliminary air passenger forecasts for the Bay Area as a whole, broken down into a High, Medium, and Low set of forecasts. Staff will provide a verbal report on the results from this meeting.